GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1677
ANSWERED ON:10.03.2017
Money Laundering Cases
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Will the Minister of FINANCE be pleased to state:

(a) the number of money laundering cases against domestic banks taken into cognizance by Government during each of the last three years and current year and the amount involved therein, bank and State-wise;

(b) whether the Government has taken any decision of handing over the investigation of these cases to the Financial Intelligence Unit (FIU) and if so, the details thereof; and

(c) the corrective steps taken/being taken by the Government to curb menace of money laundering in banks?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SANTOSH KUMAR GANGWAR)

(a) & (b) FIU-IND is responsible for receiving, analysing and disseminating suspicious transaction reports (STRs) to various Law Enforcement Agencies (LEAs) relating to money laundering (ML) and financing of terrorism (TF), after receipt of reports from its reporting entities that comprise financial institutions and Designated Non-Financial Businesses and Professions. Whether a case involves Money Laundering (ML) can be known only after investigation by the relevant law enforcement agency. FIU-IND does not have powers for investigation. However, reporting entities including banks are obligated under section 12 of the PMLA to maintain record and furnish specified regular reports to FIU-IND in the specified time frame. FIU-IND has taken action under section 13 of PMLA against various banks for their violations relating to reporting obligations during last 3 years and current year, details of which are enclosed at Annexure − "A".

(c) In order to prevent banks from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities, RBI has issued instructions to all Scheduled Commercial Banks (including RRBs), Local Area Banks, Primary (Urban) Co-operative Banks, State and Central Co-operative Banks vide its Master Circular regarding Know Your Customer (KYC) norms / Anti-Money Laundering (AML) standards / Combating Financing of Terrorism (CFT) / Obligation of banks and financial institutions under PMLA, 2002.

â€¢ The instructions have been issued under Section 35A of the Banking Regulation Act, 1949 and Rule 9(14) of Prevention of Money-laundering (Maintenance of Records)
Rules, 2005. Any contravention or non-compliance attracts penalties under the Banking Regulation Act, 1949.

â€¢ Banks and financial institutions (FIs) have been advised to follow certain customer identification procedure for opening of accounts and monitor transactions of suspicious nature for the purpose of reporting the same to appropriate authority.

â€¢ These "Know Your Customer" (KYC) guidelines have been revisited in the context of the recommendations made by the Financial Action Task Force (FATF) on Anti Money Laundering (AML) standards and on Combating Financing of Terrorism (CFT).

â€¢ Detailed guidelines based on the recommendations of FATF and the paper issued on Customer Due Diligence (CDD) for banks by the Basel Committee on Banking Supervision (BCBS), with suggestions wherever considered necessary, have been issued.

â€¢ Banks/ financial institutions (FIs) have been advised to ensure that a proper policy framework on "Know Your Customer" and Anti-Money Laundering measures is formulated and put in place with the approval of their Boards.

Annexure − "A"
(i) Year 2014
S.no Name of RE Fine Imposed Issue Involved
1. Allahabad Bank Ltd Rs 5.10 Lac Non-compliance of provisions of Section 12 of PMLA 2002
2. Latur Urban Cooperative Bank Ltd Rs 0.90 Lac as above
3. United Bank Of India Rs 5.70 Lac as above
4. Star Union dai-ichi life insurance Rs 1 Lac as above

(ii) Year 2015
1. HDFC Bank Rs 26 Lac as above
2. ICICI Bank Rs 14 Lac as above
3. Axis Bank Rs 13 Lac as above

4. Oriental Bank Of Commerce Rs 1 Lac as above
5. Corporation Bank Rs 1 Lac as above
6. Bank of Maharashtra Rs 2 Lac as above
7. Central Bank of India Rs 2 Lac as above
8. Dhanlaxmi Bank Ltd Rs1 Lac Non-compliance of provisions of Section 12 of PMLA 2002
9. Development Credit Bank Ltd Rs 1 Lac as above
10. Federal Bank Ltd. Rs 2 Lac as above
11. Indian Bank Rs 1 Lac as above
12. Dena Bank Rs 1 Lac as above
13. ING Vysa Bank Ltd Rs 3 Lac as above
14. Bank of India Rs 2 Lac as above
15. IndusInd Bank Ltd Rs 4 Lac as above
16. Punjab National Bank Rs 3 Lac as above
17. Indian Overseas Bank Rs 2 Lac as above
18. Bank of Baroda Rs 3 Lac as above
19. IDBI Bank Rs 2 Lac as above
20. Allahabad Bank Rs 3 Lac as above
21. State Bank of India Rs 5 Lac Non-compliance of provisions of Section 12 of PMLA 2002
22. Canara Bank Rs 3 Lac as above
23. National Spot Exchange Ltd. Rs 1.66 Crore as above

(iii) Year 2016

1. YES Bank Ltd Rs 3 Lac as above
2. Mahila Vikas Cooperative Bank Rs 79.60 Lac as above
3. Mahamedha Urban Cooperative Bank Rs 1.03 Crore as above
4. Axis Bank Rs 264.30 Lac as above

(iv) Year 2017 − NIL